

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 AGR-01 STR-07 STRE-00 AGRE-00
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-01 H-02
INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02
CTME-00 AID-05 SS-15 ITC-01 TRSE-00 ICA-20 SP-02
SOE-02 OMB-01 DOE-15 /123 W
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R 250710Z AUG 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 0684

UNCLAS SECTION 01 OF 02 TOKYO 15393

PASS AGRICULTURE AND STR ELECTRONICALLY

E.O. 11652:NA
TAGS: EAGR, JA
SUBJECT: NAKAGAWA'S VISIT: AMBASSADOR'S MEETING WITH
AGRICULTURAL COOPERATIVE LEADERS

1. SUMMARY. IN LONG MEETING AUG. 24 WITH AMBASSADOR, AGRICULTURAL COOP LEADERS EXPRESSED THEIR CONCERNS AGAIN ABOUT UPCOMING NAKAGAWA VISIT AND FINAL WRAP UP OF MTN AND SAID FARMERS REMAIN FIRMLY OPPOSED TO FURTHER CONCESSIONS ON AGRICULTURAL IMPORTS. AMBASSADOR STRESSED INTERDEPENDENCE OF U.S. AND JAPAN AND FACT THAT U.S. SENATE, IN WHICH AGRICULTURAL STATES HAVE EQUAL REPRESENTATION DESPITE SMALLER POPULATIONS, HAS BEEN BULWARK AGAINST RISING PROTECTIONISM AND THAT IT IS THEREFORE IMPORTANT TO JAPAN'S OVERALL INTERESTS TO RESPOND POSITIVELY TO U.S. REQUESTS IN AGRICULTURE. COOP LEADERS SEEMED MORE FLEXIBLE THAN IN PAST AND TO BE LOOKING FOR WAYS TO EXPLAIN THE INEVITABLE TO THEIR CONSTITUENCIES. THEY WERE PLEASED WITH OUTCOME OF MEETING. ZENNO PRESIDENT OHTA PROMISED TO DO WHAT HE COULD TO SUPPORT EFFORTS TO FIND MUTUALLY SATISFACTORY COMPROMISE. END SUMMARY.

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2. AT THEIR REQUEST, SEVEN LEADERS OF NATIONAL AGRICULTURAL COOPERATIVE ORGANIZATIONS MET WITH AMBASSADOR FOR 90 MINUTES AUG. 24. DELEGATION CONSISTED OF THE FOLLOWING: SABURO FUTITA, PRESIDENT, CENTRAL UNION OF AGRIC. COOPERATIVES (ZEN-CHU); MORIMASA KUNII, EXECUTIVE DIRECTOR, ZEN-CHU; YOSHIKI KOBUCHI, MANAGER, AGRICULTURE & LIVESTOCK

DEPT., ZEN-CHU; KANICHI OHTA, PRESIDENT, NATIONAL FEDERATION OF AGRIC. COOPERATIVES (ZEN-NOH); OSAMU MORIMOTO, PRESIDENT, CENTRAL COOPERATIVE BANK FOR AGRICULTURE AND FORESTRY (NORIN CHUKIN); KOHTARO WATANABE, CHAIRMAN, NATIONAL AGRIC. COOPERATIVE COMMITTEE ON FRUITS ISSUES; AND TAKASHI MIYAZAKI, CHAIRMAN OF NATIONAL AGRIC. COOPERATIVE COMMITTEE ON LIVESTOCK ISSUES.

3. FUJITA OF ZENCHU LED OFF BY SAYING FARMERS AND FARM ORGANIZATIONS ARE WATCHING MINISTER NAKAGAWA'S VISIT AND MTN NEGOTIATIONS CLOSELY AND ARE DEEPLY CONCERNED ABOUT POSSIBLE OUTCOME, PARTICULARLY WITH RESPECT TO ORANGES, ORANGE JUICE AND BEEF. FUJITA THEN COVERED FAMILIAR GROUND CONCERNING RICE SURPLUS AND 390,000 HECTARE SET ASIDE FOR 10 YEARS, MIKAN SURPLUS IN 1977 AND 20 PCT. OR 30,000 HA. REDUCTION IN MIKAN GROWING AREAS OVER NEXT THREE YEARS. HE SAID FARMERS ARE STILL AGITATED ABOUT CONCESSIONS MADE TO AMB. STRAUSS LAST JAN. 13 AND ARE FIRMLY OPPOSING FURTHER LIBERALIZATION FOR ORANGES, ORANGE JUICE AND BEEF. HE SAID FARMERS COULD NOT UNDERSTAND WHY FURTHER LIBERALIZATION REQUIRED WHEN 50 PCT. OF AGRIC. IMPORTS ALREADY COME FROM U.S. (ACTUALLY IT'S ABOUT A THIRD) AND THAT FARMERS ARE FIRMLY OPPOSED TO FURTHER SEASONAL LIBERALIZATION. HE ASKED THAT HIS VIEWS BE CONVEYED TO WASHINGTON.

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4. AMBASSADOR RESPONDED THAT HE WOULD CONVEY THE GROUP'S VIEWS TO WASHINGTON, NOTED THAT WE APPRECIATE THE FACT THAT JAPAN IS OUR LARGEST AGRICULTURAL CUSTOMER AND THAT THE ORGANIZATIONS WHICH GROUP REPRESENTS PLAY MAJOR ROLE IN INFLUENCING ATTITUDES TOWARD AGRICULTURAL TRADE. HE SAID HE THOUGHT FARM GROUPS HAD UNDERESTIMATED JAPANESE ECONOMY'S ABILITY TO ABSORB LARGER QUANTITIES OF PRODUCTS FOR WHICH WE ARE SEEKING LIBERALIZATION, NOTING THAT ONLY LAST TUESDAY MAFF HAD ANNOUNCED THAT MIKAN PRODUCTION THIS YEAR WILL BE DOWN 12 PCT. TO 3,097,000 TONS WHILE NIHON KEIZAI SHINBUN ESTIMATES DEMAND WILL BE ABOUT 3,200,000 TONS. HE SAID MINISTER NAKAGAWA HAD HAD TO LOOK AT THE WHOLE TRADE PICTURE AND WHILE HE HAD BEEN FORTHCOMING ON TRADE ISSUES, HE HAD REPRESENTED THE INTERESTS OF JAPANESE PRODUCERS EFFECTIVELY. HE SAID HE HAD BEEN WORKING CLOSELY WITH THE MINISTER TO DEVELOP COMPROMISES WHICH BOTH SIDES COULD LIVE WITH AND URGED THE COOPERATIVE LEADERS TO GIVE THEIR MINISTER THEIR FULL SUPPORT. HE WENT ON TO STRESS THE POINT THAT CLOSE RELATIONSHIP BETWEEN U.S. AND JAPAN MUST BE MAINTAINED NOT ONLY BILATERALLY BUT AS A CONTRIBUTION TO THE POLITICAL AND ECONOMIC STABILITY

OF EAST ASIA AND WHOLE WORLD. NOTING U.S. PROBLEMS WITH
TRADE DEFICIT AND DEPRECIATED DOLLAR, HE SAID HE HOPED
MUTUAL INTERDEPENDENCE WHICH HAS BEEN BUILT UP BETWEEN
U.S. AND JAPAN WILL CONTINUE TO GROW STRONGER AND THAT
BOTH COUNTRIES MUST MAKE SACRIFICE FOR THEIR COMMON GOOD.
HE SAID IT IS ESSENTIAL TO THIS RELATIONSHIP THAT THERE
BE ENOUGH FLEXIBILITY ON BOTH SIDES SO THAT A MUTUALLY
SATISFACTORY COMPROMISE CAN BE REACHED.

5. FUJITA RESPONDED THAT FARM LEADERS AND FARMERS IN
JAPAN COULD AGREE WITH THE AMBASSADOR ENTIRELY ON THE
QUESTION OF OUR MUTUAL RELIANCE, BUT NOTED THAT A MINORITY

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ACTION EA-12

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L-03 LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05
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R 250710Z AUG 78
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PASS AGRICULTURE AND STR ELECTRONICALLY

MAY SPEAK UP RADICALLY AND SAY "YANKEE GO HOME." HE
SAID FARMERS IN THE PACIFIC AREA MUST LEARN TO LIVE WITH
EACH OTHER AND THAT PAN-PACIFIC CONFERENCE OF FARM ORGANI-
ZATIONS WILL BE HELD IN NEW ZEALAND IN NOVEMBER TO SEEK
UNDERSTANDING ON MEANS OF SURVIVAL. HE SAID HE THOUGHT
JAPANESE FARM ORGANIZATIONS ARE REALISTIC IN THEIR APPROACH
TO TRADE ISSUES AND CONSIDERING THE DEPENDENCE OF
JAPANESE LIVESTOCK INDUSTRY ON CONTINUED FLOW OF FEEDGRAIN
IMPORTS FROM THE U.S. THINK OF TRADE CONCESSIONS IN TERMS
OF WHAT IS NECESSARY FOR THEIR SURVIVAL. HE SAID NEITHER
HE NOR FARMERS COULD UNDERSTAND WHY FURTHER CONCESSIONS
WERE NEEDED WHEN QUANTITIES THAT COULD RESULT FROM THESE
CONCESSIONS WILL BE NEGLIGIBLE IN DOLLAR TERMS FOR U.S.
BUT WOULD DO GREAT HARM TO JAPANESE DOMESTIC AGRICULTURAL
INTERESTS.

6. AMBASSADOR POINTED OUT THAT THE ISSUE OF AGRICULTURAL EXPORTS SHOULD BE DIRECTLY RELATED TO POSSIBILITY FOR INCREASED PROTECTIONISM IN U.S. NOTING THAT PROTECTIONISM IN U.S. WOULD BE BAD FOR JAPAN AND DISASTROUS FOR U.S., HE SAID THAT IN DEVELOPING THEIR POSITIONS ON AGRIC. UNCLASSIFIED

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IMPORTS, COOPS SHOULD CONSIDER OVERALL JAPANESE INTERESTS AND FACT THAT AGRICULTURAL STATES IN U.S. WHICH ARE SEEKING EXPORT MARKETS HAVE EQUAL VOICE WITH OTHER STATES IN U.S. SENATE EVEN THOUGH THEIR POPULATIONS ARE MUCH SMALLER. IT IS SENATE PRIMARILY WHICH HAS KEPT PROTECTIONIST SENTIMENTS IN CHECK AND CAN CONTINUE TO DO SO IF EXPORTS NEEDS OF AGRICULTURAL STATES ARE MET. IT WOULD THEREFORE BE IN BEST INTEREST OF JAPAN TO BE AS FORTHCOMING AS POSSIBLE ON AGRICULTURAL IMPORTS, IF JAPAN HOPES TO AVOID DEVELOPMENT OF PROTECTIONIST LEGISLATION IN U.S. AMBASSADOR WENT ON TO SAY THAT HE IS ABSOLUTELY OPPOSED TO BAD TRADE LEGISLATION AND PROTECTIONISM BECAUSE THIS WOULD ONLY LEAD TO INFLATION IN U.S. AND EVENTUALLY, AS RESULT OF THIS, TO ECONOMIC PROBLEMS FOR OTHER COUNTRIES.

7. FUJITA SAID HE NOW UNDERSTOOD POWER OF STATES AND THEN RAISED THE PROBLEM OF MIKAN EXPORTS. HE SAID HE HAD VISITED RIVERSIDE, CALIF. AND SPECIALIST THERE HAD TOLD HIM THAT CITRUS CANCER WAS REALLY NOT A BIG PROBLEM AND THAT THERE WAS NO REASON WHY CALIFORNIA NEEDED TO PROHIBIT MIKAN IMPORTS.

8. OHTA OF ZENNOH MADE FINAL REMARKS FOR THE JAPANESE SIDE, FIRST THANKING AMBASSADOR FOR HIS EFFORTS IN THE TRADE TALKS. HE SAID HE HAD MET MIN. NAKAGAWA FREQUENTLY AND MINISTER HAS EXPRESSED TO HIM IMPORTANT ROLE OF AMBASSADOR IN GUIDING NEGOTIATIONS TOWARD SATISFACTORY COMPROMISE. HE WENT ON TO SAY FARM LEADERS ARE DISSATISFIED WITH THE NEGOTIATIONS IN AGRICULTURE AND FEEL THEY ARE BEING SACRIFICED BUT NEVERTHELESS THEY AGREE THAT SOME CONCESSIONS MUST BE MADE. HE SAID THAT HE SUPPORTS WHAT THE MINISTER AND THE AMBASSADOR HOPE TO ACCOMPLISH AND WOULD TRY TO ASSIST IN REACHING MUTUALLY SATISFACTORY UNCLASSIFIED

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SOLUTION. HE WENT ON TO SAY THAT HE THOUGHT AMERICAN BUSINESSMEN SHOULD MAKE GREATER EFFORTS TO EXPAND MARKET IN JAPAN FOR U.S. GOODS, PARTICULARLY CONSUMER GOODS,

AND EVEN OFFERED TO ASSIST IN REACHING JAPAN'S 4.8 MILLION FARM FAMILIES AS MARKET FOR U.S. CONSUMER GOODS. HE CONCLUDED WITH ONE LAST PLEA FOR U.S. TO CONSIDER HEALTH OF JAPANESE LIVESTOCK INDUSTRY, IN COURSE OF TRADE NEGOTIATIONS.

9. COMMENT: COOP LEADERS SEEMED SOMEWHAT MORE FLEXIBLE THAN IN PREVIOUS MEETINGS AND PERHAPS TO BE LOOKING FOR WAYS TO EXPLAIN THE INEVITABLE TO THEIR CONSTITUENCIES. THEIR COMMENTS TO EACH OTHER IN ELEVATOR AFTER MEETING INDICATED THEY WERE SATISFIED WITH ITS OUTCOME. MANSFIELD

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